

**Mount Vernon City Council
Finance Committee
Minutes
September 23, 2015**

Present: Councilmembers Fiedler, Molenaar, Lindquist, Quam, Hulst, Ragan, Mayor Boudreau

Staff present: Finance Director Alicia Huschka, Police Chief Dodd, Parks and Recreation staff Linda Brookings and James Weppner, CED director Hyde

1. Committee minutes from August 2015 were approved.

2. Financial Update:

- Sales Tax – Ms. Huschka reviewed the sales tax revenue to date. The January to August collections are 3% higher than the same period in 2014. August 2015 is 9.4% higher than August 2014.
- Criminal Justice Sale Tax – The January to August 2015 collections are 7.3% higher than the same period in 2014.
- Motor Vehicle Fuel Tax – The January to August 2015 collections are 2.4% greater than the same period in 2014.
- Building Permits - Activity is up 6.2% for the January through August 2015 period compared to the same period in 2014 and is slightly ahead of the budget estimates of \$510,000. The Jail permit revenue is not factored into this increase.
- REET - for January through September 2015 is 57% higher compared to same period 2014, and is trending ahead of the budget estimate of \$350,000 for the year and is projected to be \$525,000 for 2015.
- Utility Taxes:
 - Electricity tax is down 9.5% for the period of January through August 2015.
 - Gas tax is down 7% for the period of January through August 2015.
 - Tax on water is projected to be \$150,000 under budget projections due to the late start in collections and the decrease due to the reduction associated with fire suppression systems.

3. 2016 Preliminary Budget Discussion.

- Tourism Promotion process is underway. Applications are due by September 30, 2015.
- Budget Calendar -
 - Meetings are underway with Department Directors/ Managers.
 - The preliminary budget will be submitted to Council October 14, 2015.
 - Budget meetings with Council will be held October 21 and 28, 2015.
 - Property tax meetings are tentatively scheduled for November 4th and 10th with the proposed meeting for adoption of the budget on November 24th.
- Emergency Medical Services (EMS) – An agreement with EMS was discussed during a previous committee meeting. There are financial implications to this agreement. The purpose of the agreement is to allow the City and County to work in cooperation on the delivery of emergency medical services. EMS is

conducting a 90 day pilot program with Sedro-Woolley. The City currently receives reimbursement for BLS supplies and EMS dispatches of approximately \$18,000 and \$38,000 respectively. This agreement sets out a method for the City to be compensated for the current work that they do as back up for the EMS transport services. This agreement could result in new revenue of \$135,415 if the proposed compensation of \$35 per EMS incident responded to by the City is adopted.

- Preliminary Revenue –
 - PUD Utility Tax Topic – there is a sunset provision for expiration at the end of 2015 that needs to be addressed. Alicia will likely propose an increase to the tax from 6% to 7% to generate \$400,000 of revenue.
 - Electricity and Gas Utility Tax estimates may need to be lower in 2016.
 - Transportation Benefit District –Council would like to see a draft ordinance next month. This does not impose the fee this would just form the district.
 - New revenues resulting from Legislation that have passed in 2015 -
 - The City could receive \$28,000 from marijuana excise tax; so far cities and counties have received nothing. Alicia estimated this based on a per capita computation.
 - Liquor tax should be back at the full funding that cities received prior to the privatization of liquor sales.
 - Preliminary Expense –
 - Skagit 911 fees will likely increase
 - Traffic control devices on the 16 signals that the City owns need to be upgraded. The proposal is to upgrade five in 2015 at \$5,000 each and 10 the following year. REET II funds would provide the revenue for this project.
 - Medical Insurance – HR is working on a transition from AWC to Healthcare Coalition which would result in no increase in medical insurance expense, without this change there would be an increase of \$200,000.
4. Eagle Rock Challenge Course Update – Linda Brookings presented an update and introduced Scott Andrews from Northwest Teambuilding. Mr. Andrews indicated that his company would like to undertake the management of the Eagle Rock Challenge Course. The course has been closed since 2014 due to staffing shortages. There are past clients who would like to return and utilize the course. This company develops and delivers all of the programs as well as collaborates on marketing materials.

Adjourned at 7:00 p.m.

Submitted by
Rebecca J. Wade